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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PACIFICORP D/B/A ROCKY)	
MOUNTAIN POWER AND IDAHO POWER)	CASE NO. IPC-E-14-41
COMPANY FOR AN ORDER AUTHORIZING)	
THE EXCHANGE OF CERTAIN)	CASE NO. PAC-E-14-11
TRANSMISSION ASSETS.)	
)	

PACIFICORP

DIRECT TESTIMONY

OF

GREGORY N. DUVALL

1 **I. INTRODUCTION AND EXPERIENCE**

2 Q. Please state your name and business address.

3 A. My name is Gregory N. Duvall. My business
4 address is 825 NE Multnomah Street, Suite 600, Portland,
5 Oregon 97232.

6 Q. In what position are you currently employed?

7 A. I am the Director, Net Power Costs for
8 PacifiCorp (the "Company").

9 Q. Please describe your education and business
10 experience.

11 A. I received a degree in Mathematics from the
12 University of Washington in 1976 and a Masters of Business
13 Administration from the University of Portland in 1979. I
14 was first employed by PacifiCorp in 1976 and have held
15 various positions in resource and transmission planning,
16 regulation, resource acquisitions, and trading. From 1997
17 through 2000, I lived in Australia where I managed the
18 Energy Trading Department for Powercor, a PacifiCorp
19 subsidiary at that time. After returning to Portland, I
20 was involved in direct access issues in Oregon and was
21 responsible for directing the analytical effort for the
22 Multi-State Process. Currently, I direct the work for the
23 load forecasting group, the net power cost group, and the
24 renewable compliance area.

25 Q. What is the purpose of your testimony?

1 A. My testimony describes a number of customer
2 benefits provided by PacifiCorp Energy's¹ new firm
3 transmission rights following the close of the asset
4 exchange, as well as other associated benefits.

5 Q. Please summarize your testimony.

6 A. My testimony shows that the transaction will
7 result in the following benefits to customers:

8 • The Company will gain increased Open
9 Access Transmission Tariff ("OATT")-based rights and will
10 no longer need to rely on outdated and controversial legacy
11 agreements with Idaho Power Company ("Idaho Power"). This
12 will provide the Company with greater transparency,
13 flexibility, and reliability with respect to system
14 operations and minimize the potential for disputes;

15 • The Company's dynamic transfer rights from
16 PacifiCorp's east Balancing Authority Area ("PACE") to
17 PacifiCorp's west Balancing Authority Area ("PACW") will
18 increase from 200 megawatts ("MW") to 400 MW;

19 • The Company will gain increased
20 flexibility in deciding which resources can be transferred
21 across its entire 1,600 MW of east-to-west transmission
22 rights each hour of the year;

23 • The Company will gain firm delivery rights
24 to deliver power to the Bonneville Power Administration's

¹ PacifiCorp Energy is the merchant function of PacifiCorp.

1 ("Bonneville") La Grande substation, which in turn will
2 improve the Company's ability to deliver power from the Jim
3 Bridger power plant ("Jim Bridger Plant") and other PACE
4 resources to meet its loads in PACW;

5 • The Company will gain additional rights to
6 make firm power deliveries to PACW during line outage
7 conditions;

8 • The Company will gain more flexibility to
9 meet its Goshen loads with firm service; and

10 • The Company will gain all of the above-
11 described benefits in a manner that is financially neutral
12 to retail customers.

13 These customer benefits, which will allow the
14 Company to meet its obligations to serve load more
15 efficiently, are in addition to the reliability and other
16 benefits described in the testimony of PacifiCorp witness
17 Mr. Richard A. Vail.

18 **II. CUSTOMER BENEFITS OF TRANSACTION**

19 Q. Please describe the proposed transaction.

20 A. As detailed in the Application of PacifiCorp
21 and Idaho Power (together, the "Parties") and in the
22 testimony of Mr. Vail, under the terms of the proposed
23 Joint Purchase and Sale Agreement ("JPSA"), the Parties
24 will acquire ownership interests in certain existing
25 transmission system assets and reallocate respective

1 ownership interests in certain jointly-owned facilities.
2 In doing so, the Company will retain the same transfer
3 rights it previously possessed from the Jim Bridger Plant
4 to PACW, but those rights will be based on new ownership
5 rights and OATT-based wheeling arrangements, rather than on
6 outdated and frequently problematic legacy agreements.

7 Q. Please describe the challenges posed by
8 operation under the existing agreements.

9 A. Currently, the ownership and operation of the
10 jointly owned transmission facilities is governed under
11 various separate legacy agreements, a 1969 Jim Bridger
12 Ownership Agreement titled the Restated Transmission
13 Service Agreement ("RTSA"), and a 1969 Jim Bridger
14 Operation Agreement titled the Restated and Amended
15 Transmission Facilities Agreement ("RATFA") (collectively
16 the "Legacy Agreements"). These agreements were entered
17 into over a series of years, many before the advent of the
18 Federal Energy Regulatory Commission's ("FERC") open-access
19 policies. They contain terms and conditions that are
20 outdated and frequently difficult to reconcile. PacifiCorp
21 and Idaho Power spend significant time and effort
22 reconciling differing interpretations of the Legacy
23 Agreements to operate their respective systems.

24

25

1 Q. Please describe the benefits associated with
2 the termination of the Legacy Agreements and replacement
3 with OATT-based service.

4 A. Under the terms of the proposed JPSA, the
5 Parties will replace approximately 1,600 MW of transmission
6 services provided under the RTSA and RATFA with asset
7 ownership and purchases of point-to-point transmission
8 services. As part of the JPSA, the Legacy Agreements will
9 be terminated or amended and the ownership and operational
10 provisions of the Legacy Agreements will be modernized and
11 consolidated into a single agreement.² The ongoing
12 maintenance and ownership obligations are established in a
13 single agreement going forward, the Joint Ownership and
14 Operating Agreement ("JOOA").

15 Going forward, the Parties will rely on OATT-based
16 transactions, rather than the Legacy Agreements, to define
17 their respective transmission rights. This will increase
18 the consistency and transparency of system operations.
19 Relying on the Parties' respective OATTs, with their
20 transparent, FERC-approved conditions, will permit more
21 flexible, efficient use of assets, and will ensure

² The RATFA, RTSA, and Interconnection and Transmission Service Agreement ("ITSA") are the primary agreements between the parties. There are a number of related agreements which support or are directly connected to the RATFA, RTSA, and ITSA. The RATFA, RTSA, ITSA, and remaining agreements are collectively referred to as the "Legacy Agreements." A complete list of the Legacy Agreements that will be replaced, amended, or consolidated by the proposed transaction are identified in Schedules 1.1(g) and 1.1(h) to the JPSA.

1 PacifiCorp is entitled to benefits such as reassignment,
2 redirect, and rollover rights that were not always
3 contemplated by the Legacy Agreements. Reliance on a FERC-
4 approved OATT will ensure operations continue to be
5 governed by current reliability standards. It will also
6 ensure that the Parties' respective obligations are written
7 in language that is commonly used in standard industry
8 practice and well understood within the industry, rather
9 than in the antiquated and sometimes disputed language of
10 the Legacy Agreements. The termination of the Legacy
11 Agreements and the move to OATT-based transactions is a
12 significant benefit of the transaction that will limit
13 disputes between the Parties and allow for more efficient
14 operation of the Parties' respective systems.

15 Q. Please describe how the Company's need to move
16 generation east-to-west will be met under the terms of the
17 proposed transaction.

18 A. PacifiCorp requires the ability to move 1,600
19 MW of generation east-to-west to serve loads in PACW. This
20 service is currently governed by the RTSA and the RATFA.

21 Under the new arrangements, PacifiCorp will purchase
22 510 MW of firm transmission service under Idaho Power's
23 OATT, which represents a portion of the 1,600 MW needed to
24 meet the Company's operational needs, in place of the
25 current service under the RTSA and RATFA. This new

1 arrangement will align with FERC's preference for OATT-
2 based transactions, with all of the OATT benefits
3 previously described.

4 As noted in Mr. Vail's testimony, PacifiCorp will
5 meet its remaining capacity needs through acquisition of
6 ownership rights that will allow PacifiCorp to meet its
7 remaining 1,090 MW of capacity needs.

8 Q. Please describe PacifiCorp's increased right
9 to dynamic service under the proposed transaction.

10 A. As noted previously, PacifiCorp will have 400
11 MW of dynamic service between PACE and PACW after the close
12 of the transaction, a 200 MW increase in PacifiCorp's
13 current right to dynamic service. The additional 200 MW in
14 dynamic service will allow for increased flexibility in
15 system operations. This dynamic transfer can be used for
16 numerous purposes, including increased system integration
17 between PACE and PACW or for future Energy Imbalance Market
18 transfers.

19 Q. Please describe current restrictions on east-
20 to-west transfers under the Legacy Agreements.

21 A. Currently, 1,400 MW of the Company's east-to-
22 west transfer rights are tied specifically to the Jim
23 Bridger Plant generation or other transfers delivered to
24 Idaho Power over the Jim Bridger Plant transmission system.

25

1 Q. Please describe the benefit of the proposed
2 transaction on these east-to-west transfers.

3 A. Upon approval of the transaction, PacifiCorp
4 will be able to make these east-to-west transfers without
5 restriction on the source of energy to be transferred. The
6 Company will enjoy a combination of point-to-point
7 transmission service rights over Idaho Power's system and
8 PacifiCorp network transfers on newly owned assets that
9 will allow it to move any available resource east-to-west.
10 The ability to use any resource over these rights will
11 provide expanded, long-term system flexibility and economic
12 service to retail customers and will allow PacifiCorp to
13 more effectively utilize low-cost resource options to serve
14 load.

15 Q. Please describe PacifiCorp's current ability
16 to make deliveries into the La Grande area.

17 A. Under current arrangements, PacifiCorp has a
18 limited ability to deliver generation to Bonneville at La
19 Grande. Deliveries may only occur when outages restrict
20 scheduling capability at Midpoint and Enterprise. Energy
21 delivered to Bonneville at La Grande is then wheeled by
22 Bonneville to PacifiCorp's Pendleton and Southern
23 Oregon/Northern California load areas.

24 Q. Please describe the benefits of the proposed
25 transaction on these east-to-west transfers.

1 A. With the combination of the 510 MW of firm
2 transmission and the acquisition of assets, PacifiCorp will
3 be able to more efficiently provide load service to its
4 loads in PACW because it will gain the ability to provide
5 firm delivery of generation to La Grande, in addition to
6 Midpoint and Enterprise. The addition of another point of
7 delivery will better align the Company's service needs with
8 existing useful firm system load delivery capabilities and
9 improve PacifiCorp's ability to serve loads in the west.
10 As noted above, the firm deliveries at La Grande align with
11 PacifiCorp's Bonneville wheeling rights for delivery to
12 Pendleton and Southern Oregon/Northern California. The
13 firm deliveries at Enterprise are wheeled by PacifiCorp to
14 Bonneville at McNary, then Bonneville wheels the energy to
15 PacifiCorp's Albany, Santiam, and Southern Oregon/Northern
16 California load areas.

17 Q. Please describe PacifiCorp's current east-to-
18 west delivery capability during line outage conditions.

19 A. Under the Legacy Agreements, Idaho Power has a
20 priority right to the first 570 MW of Idaho Power's
21 northwest delivery capability during outage conditions.
22 PacifiCorp's rights to use this delivery capability during
23 outage conditions are therefore limited by Idaho Power's
24 current priority.

25

1 Q. Please describe the benefits of the
2 transaction to PacifiCorp's east-to-west delivery
3 capability during line outage conditions.

4 A. Under the terms of the proposed transaction,
5 PacifiCorp will obtain increased firm east-to-west delivery
6 capability during line outage conditions. The new
7 agreements will provide PacifiCorp with firm point-to-point
8 transmission service in accordance with Idaho Power's OATT,
9 which will provide PacifiCorp with a pro rata share of the
10 full northwest delivery capability during outage
11 conditions.

12 Q. Please describe how the proposed transaction
13 will increase PacifiCorp's east-to-west flexibility.

14 A. Currently, PacifiCorp has 200 MW of east-to-
15 west Idaho Power OATT point-to-point service, with the
16 remainder of its east-to-west deliveries met through Legacy
17 Agreements. The proposed transaction will provide the
18 Company with 1,090 MW of ownership rights, which translate
19 into OATT network service, as well as 510 MW of east-to-
20 west Idaho Power OATT point-to-point service with OATT
21 attributes of reassignment, redirect, definitive term
22 length and rollover rights. These enhanced rights will
23 provide increased short-term utilization and long-term
24 customization for future plans.

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ATTESTATION OF TESTIMONY

STATE OF OREGON)
) ss.
County of MULTNOMAH)

I, Gregory N. Duvall, having been duly sworn to
testify truthfully, and based upon my personal knowledge,
state the following:

I am employed by PacifiCorp as the Director, Net
Power Costs and am competent to be a witness in this
proceeding.

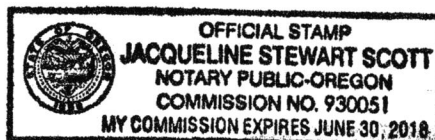
I declare under penalty of perjury of the laws of
the state of Idaho that the foregoing pre-filed testimony
is true and correct to the best of my information and
belief.

DATED this 19th day of December 2014.

Gregory N. Duvall
Gregory N. Duvall

SUBSCRIBED AND SWORN to before me this 19th day of
December 2014.

Jacqueline D Scott
Notary Public for:
Residing at: Multnomah County
My commission expires: 6.30.18



DUVALL, DI 12
PacifiCorp